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JACKSON PARISH HOSPITAL
SERVICE DISTRICT NO. 1
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JACKSON PARISH HOSPITAL
September 30, 1950

Audit of Financial Statements
September 30, 1950
and
September 30, 1951

Under provisions of state law, this report is a public document. A copy of this report has been submitted to the entity and other appropriate public officials. This report is available for public inspection at the Police Range Office of the Louisiana Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date October 1, 1951

CONTENTS

Independent Auditor's Report	3-5
Balance Sheets	3
Statements of Revenues and Expenses	4
Statements of Changes in Fund Balance (Deficit)	5
Statements of Cash Flows	6-7
Notes to Financial Statements	8-17
 SUPPLEMENTARY FINANCIAL INFORMATION	
Schedule of Net Patient Service Revenues	19
Schedule of Salaries and Benefits	20
Schedule of Medical Supplies	21
Schedule of Professional Fees	23
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	24-28
Schedule of Audit Findings for the Year Ended September 30, 2009	25
Status of Prior Year Audit Findings	26



To the Board of Commissioners
Jackson Parish Hospital Service District No. 1
Bossierette, Louisiana

Independent Auditor's Report

We have audited the accompanying general-purpose financial statements of **JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1, d/b/a JACKSON PARISH HOSPITAL** (Hospital), a component unit of the Jackson Parish Police Jury, as of and for the years ended September 30, 2008 and 2009, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governance Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of September 30, 2008 and 2009, and the results of its operations and its cash flows of its proprietary fund for the years then ended, in conformity with generally accepted accounting principles.

In accordance with *Governance Auditing Standards*, we have also issued our report dated January 26, 2011, on our consideration of the Hospital's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Hospital. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

A Professional Accounting Corporation

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The accompanying financial statements have been prepared assuming that the Hospital will continue as a going concern. As discussed in the Note 3 to the general-purpose financial statements, the Hospital's significant operating losses together with the amount of current debt raise substantial doubt about its ability as a going concern. The general-purpose financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

Aditya Patel, CPA

A Professional Accounting Corporation

January 26, 2021

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

Notes

JACKSON PARISH HOSPITAL

BALANCE SHEETS

ASSETS

	September 30,	
	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 17,123	\$ 568,432
Assets Whose Use is Limited	3,925	3,756
Patient Accounts Receivable, Net of Estimated Uncollectibles of \$773,170 for 2020, and \$349,538 for 2019	519,455	489,693
Inventory Supplies - at Cost	208,006	261,793
Prepaid Expenses	95,628	83,932
Other Receivables	8,108	19,463
Total Current Assets	<u>862,245</u>	<u>1,327,369</u>
ASSETS WHOSE USE IS LIMITED		
Under Indenture Agreement	<u>3,925</u>	<u>3,756</u>
Total Assets Whose Use is Limited	3,925	3,756
Less: Amounts Expended to Meet Current Obligations	<u>3,925</u>	<u>3,756</u>
Noncurrent Assets Whose Use is Limited	<u>-</u>	<u>-</u>
PROPERTY, PLANT AND EQUIPMENT, NET	<u>2,211,236</u>	<u>2,213,386</u>
Total Assets	<u>\$ 3,077,321</u>	<u>\$ 4,087,162</u>

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND FUND DEFICIT

	September 30,	
	<u>2007</u>	<u>1996</u>
CURRENT LIABILITIES		
Accounts Payable - Trade	\$ 1,608,749	\$ 1,280,083
Estimated Third Party Settlements	425,718	699,138
Current Maturities of Bonds Payable	174,000	136,000
Current Obligations of Capital Leases	38,189	41,681
Accounts Payable - Other	28,685	-
Accrued Salaries and Employee Benefits	202,544	304,124
Accrued Interest on Long-Term Debt	<u>18,364</u>	<u>2,039</u>
Total Current Liabilities	<u>1,879,169</u>	<u>2,503,065</u>
LONG-TERM LIABILITIES, NET OF CURRENT MATURITIES		
Bonds Payable	2,814,000	2,784,898
Long-Term Obligations of Capital Leases	<u>75,482</u>	<u>46,801</u>
Total Long-Term Liabilities	<u>2,889,482</u>	<u>2,831,699</u>
COMMITMENTS AND CONTINGENCIES		
FUND DEFICIT		
Fund Deficit	<u>(164,850)</u>	<u>(167,660)</u>
Total Liabilities and Fund Deficit	<u>\$ 3,603,721</u>	<u>\$ 4,897,162</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
444
JACKSON PARISH HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES

	For The Years Ended September 30,	
	2009	1999
NET PATIENT SERVICE REVENUE	\$ 5,199,907	\$ 5,426,616
OTHER OPERATING REVENUE	<u>1,294,724</u>	<u>1,085,276</u>
Total Revenue	<u>6,494,631</u>	<u>6,511,892</u>
OPERATING EXPENSES		
Salaries and Benefits	3,193,338	4,080,888
Medical Supplies	888,668	683,844
Professional Fees	636,698	402,408
Other Operating Expenses	1,681,522	1,784,368
Insurance	128,896	188,334
Interest	173,389	72,112
Depreciation	288,174	288,896
Provisions for Bad Debts	<u>174,898</u>	<u>673,638</u>
Total Expenses	<u>7,785,544</u>	<u>8,084,876</u>
Loss From Operations	<u>(1,290,913)</u>	<u>(1,572,984)</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad Valorem Taxes	440,408	380,663
Office Rent	56,180	62,354
Interest Income	18,341	4,387
Other Income	128,748	11,848
Gain on Sale of Fixed Health Assets	88,670	-
(Loss) on Sale of Ambulance Assets	-	<u>(67,394)</u>
Non-Operating Revenues, Net	<u>723,247</u>	<u>391,758</u>
EXCESS OF EXPENSES OVER REVENUES BEFORE EXTRAORDINARY ITEM	<u>(628,671)</u>	<u>(1,171,986)</u>
EXTRAORDINARY ITEM - SETTLEMENTS ON PRIOR YEARS' OUTSTANDING DEBT	<u>491,481</u>	<u>128,161</u>
EXCESS OF EXPENSES OVER REVENUES	<u>\$ (137,190)</u>	<u>\$ (1,043,825)</u>

The accompanying notes are an integral part of these financial statements.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
STATEMENTS OF CHANGES IN FUND BALANCE (DEFICIT)

	For The Years Ended	
	September 30,	
	2008	2007
BALANCE, Beginning of Year	\$ 467,604	\$ 378,835
Excess of Expenses over Revenues	(187,366)	(1,646,637)
BALANCE, End of Year	\$ (584,858)	\$ (667,802)

The accompanying notes are an integral part of these financial statements.

JACKSON PARK HOSPITAL-SERVICE DISTRICT NO. 1
Illinois
JACKSON PARK HOSPITAL
STATEMENTS OF CASH FLOWS

	For The Year Ended September 30,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES AND GAINS AND LOSSES		
Business of Expenses (over) Revenues	\$ (189,346)	\$ (1,646,437)
Adjustments to Reconcile the Change of Expenses over Revenues to Net Cash (Used in) Operating Activities		
Settlements on Prior Year's Outstanding Debt	(431,481)	(123,367)
Gains on Disposal of Home Health Assets	(38,052)	
Loss on Disposal of Ambulance Assets	-	67,704
Depreciation and Amortization	283,324	264,899
Provisions for Bad Debts	534,898	879,618
(Increase) in Accounts Receivable	(567,358)	(342,667)
(Decrease) in Prepaid Third-Party		
Payor Settlements	(271,618)	(203,831)
Increase in Intercurrents	-	1,521
Decrease (Increase) in Inventories	53,365	(48,739)
(Increase) Decrease in Prepaid Expenses	(12,008)	9,314
Decrease (Increase) in Other Receivables	11,149	(19,487)
Increase (Decrease) in Accounts Payable	161,869	(400,833)
(Decrease) in Accrued Expenses and Employee Benefits	(111,747)	(133,669)
Increase (Decrease) in Accrued Interest on Long-Term Debt	3,792	(8,427)
Increase in Accounts Payable - Other	28,685	-
Net Cash (Used in) Operating Activities	<u>(608,722)</u>	<u>(1,383,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash (Invested in) Withdrawn from Assets Without Use is Limited	(169)	3,638
Proceeds from Sale of Home Health Assets	188,000	-
Purchases of Property and Equipment	(235,342)	(88,841)
Net Cash (Used in) Investing Activities	<u>(127,351)</u>	<u>(84,403)</u>

The accompanying notes are an integral part of these financial statements.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
8866
JACKSON PARISH HOSPITAL
STATEMENTS OF CASH FLOWS (Continued)

	For The Years Ended	
	September 30,	
	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bond issuance	-	2,180,808
Repayment of Bonds and Certificates of Indebtedness	(176,008)	(191,808)
Payments Made on Capital Leases	(29,681)	170,452
Payments on Note Payable	-	(140,277)
Net Cash (Used in) Provided by Financing Activities	(205,691)	2,004,275
NET POSITIVE INCREASE IN CASH AND CASH EQUIVALENTS	(94,384)	646,314
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	968,427	322,090
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 27,122	\$ 968,427
SUPPLEMENTAL DISCLOSURES		
Cash Paid During the Year for Interest	\$ 125,174	\$ 36,384
SUPPLEMENTAL DISCLOSURES OF NON-CASH FINANCING AND INVESTING ACTIVITIES		
Assets Acquired Through Capital Leases	\$ -	\$ 50,318
Capital Lease Obligations	\$ -	\$ 50,318
Construction in Progress Capitalized During the Year	\$ -	\$ 36,988
Settlements on Prior Year's Outstanding Debt	\$ (31,481)	\$ 121,360

The accompanying notes are an integral part of these financial statements.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE A

ORGANIZATION AND OPERATIONS

LEGAL ORGANIZATION

The Jackson Parish Hospital Service District No. 1 (Hospital) was organized under the Louisiana Revised Statutes of 1950. The Hospital's area includes all of Jackson Parish, Louisiana.

The Hospital is a political subdivision of the Jackson Parish Police Jury, whose jurors are elected officials. The Hospital's commissioners are appointed by the Jackson Parish Police Jury. As the governing authority of the Parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for the Hospital. Accordingly, the Hospital was determined to be a component unit of the Jackson Parish Police Jury based on Statement No. 14 of the National Committee on Governmental Accounting. The accompanying general-purpose financial statements present information only on the funds maintained by the Hospital and do not present information on the police jury, the governmental services provided by the governmental unit or the governmental units that comprise the general-purpose financial reporting entity.

NATURE OF BUSINESS

The Hospital operates a 25-bed-acute-care hospital and a 24-bed psychiatric unit. Additionally, the Hospital provides home health, emergency, outpatient, and clinic services. During the year ended September 30, 1989, the Hospital discontinued its operation of a parish ambulance service.

CHANGES IN REPORTING CLASSIFICATION

The classification of certain prior year amounts has been changed to reflect consistent reporting when compared to current year balances.

NOTE B

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Hospital conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

PROPRIETARY FUND ACCOUNTING

The operating accounts of the Hospital are organized into one proprietary fund type. The operation of the proprietary fund is accounted for by providing a set of self-balancing accounts, which are comprised of assets, liabilities, fund balances, revenues and expenses.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE B

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTING FOR PROPRIETARY FUND TYPE (Continued)

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

METHOD OF ACCOUNTING

Hospital accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:514 and to the guide set forth in the Louisiana Governmental Audit Guide, the *ASPE Audit and Accounting Guide – Health Care Organizations*, and standards set by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

CHARITY CARE

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenues.

INCOME TAXES

The entity is a political subdivision and is therefore exempt from taxation.

CREDIT RISK

The Hospital provides medical care primarily to Jackson Parish residents and grants credit to patients, substantially all of whom are local residents.

The Hospital's estimate of collectibility is based on an evaluation of historical collections compared to gross revenues to establish an allowance for uncollectible accounts.

NET PATIENT SERVICE REVENUE

Net patient service revenue is reported at the calculated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

INVENTORIES

Inventories are stated at the lower of cost or market value. Cost is determined by the first-in, first-out method.

JACKSON PARISH HOSPITAL, SERVICE DISTRICT NO. 1
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JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE B

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STATEMENT OF REVENUE AND EXPENSES

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as revenues and expenses. Peripheral or incidental transactions are reported as non-operating.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include funds set aside by the Board of Commissioners to satisfy deposit requirements of the Hospital's debt agreements.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost for purchased assets or at fair market value on the date of any donation, if applicable. The Hospital uses straight-line depreciation for financial reporting and third party reimbursement. The following estimated useful lives are generally used.

Buildings	25 to 40 Years
Machinery and Equipment	5 to 20 Years
Furniture and Fixtures	5 to 15 Years

Expenditures for additions, major overhauls and betterments are capitalized and expenditures for maintenance and repairs are charged to operations when incurred.

The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

NOTE C

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist primarily of deposits in checking accounts and money market accounts. The market value of all cash and money market accounts are not materially different from their carrying values.

All deposits are covered by Federal deposit insurance or collateral held by the pledging financial institution's trust departments in the Hospital's name.

NOTE D

INVESTMENTS

The Hospital considers all financial instruments with original maturities in excess of 90 days to be temporary-risk investments.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE K

PATIENT SERVICE REVENUES

The Hospital generates a substantial portion of its charges from the Medicare and Medicaid programs at discounted rates. A summary of gross Medicare and Medicaid charges for the years ended September 30, 2000 and 1999 follows:

	<u>2000</u>	<u>1999</u>
Medicare Patients	\$ 3,368,269	\$ 4,604,736
Medicaid Patients	<u>2,608,313</u>	<u>3,995,813</u>
Total	<u>\$ 5,976,582</u>	<u>\$ 8,600,549</u>
Percent of All Patients	<u>70%</u>	<u>87%</u>

Since the Hospital serves a disproportionate share of low-income patients, it qualifies for Medicaid Disproportionate Share reimbursements. Medicaid Disproportionate Share reimbursements of \$1,207,432 and \$941,348 are included in Other Operating Revenues for 2000 and 1999, respectively.

NOTE L

PROPERTY, PLANT AND EQUIPMENT

Major classifications of property, plant and equipment are summarized below.

	<u>September 30,</u>	
	<u>2000</u>	<u>1999</u>
Buildings and Fixed Equipment	\$ 4,646,712	\$ 4,531,300
Major Movable Equipment	2,601,036	2,803,240
Land Improvements	<u>181,848</u>	<u>181,842</u>
	3,728,146	3,599,996
Less: Accumulated Depreciation	<u>2,438,510</u>	<u>2,388,398</u>
Total Buildings and Equipment	2,189,636	2,251,648
Land	<u>21,890</u>	<u>21,890</u>
Total Property, Plant and Equipment, Net of Depreciation	<u>\$ 2,211,526</u>	<u>\$ 2,273,538</u>

Depreciation and amortization expense for the years ended September 30, 2000 and 1999 totaled \$288,334 and \$284,895, respectively.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE C

COMPENSATED ABSENCES

Employees of the Hospital are entitled to paid vacation and holiday days. Sick days are not accrued and, accordingly, no liability has been recorded in the accompanying general-purpose financial statements. Vacation and holiday days off have been recorded as a liability in the accompanying general-purpose financial statements at employee earnings rates in effect at the balance sheet dates.

NOTE III

PENSION PLAN

Effective March 1, 1996, the Hospital adopted a new defined contribution plan. The Variable Life Insurance Company (VULIC) Prototype Combined Profit Sharing/Money Purchase Plan Basic Document adopted the name "Jackson Parish Hospital Retirement Plan" (the "Plan"). The Plan Administrator is the Human Resources Director. Eligibility requirements are one year of employment and attaining the age of 21. Vesting is 20% per year for years of service 3-5. The Plan's coverage includes death, disability and retirement benefits. The Hospital may amend the Plan at any time at its sole discretion. However, no amendment may result in any participant's vested interest in any portion of the Plan's assets reverting back to the Hospital. The Hospital contributes 7% for all eligible employees. It will match up to 3% of employee salaries, if the employee also contributes 3%. The Hospital contributed \$38,115 and \$39,246 for the years ended September 30, 2008 and 2009, respectively.

NOTE I

CAPITAL LEASES

The Hospital leases equipment under capital leases that expire in various years through 2004. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or fair value of the asset. The assets are depreciated over the lower of their related lease terms or their productive lives. Depreciation of assets under leases is included in depreciation expense for the years ended September 30, 2008 and 2009.

Minimum future lease payments under capital leases as of September 30, 2008 for each of the next four years and in aggregate are:

<u>Year</u>	<u>Amount</u>
2001	\$ 38,189
2002	18,175
2003	18,757
2004	<u>8,039</u>
Total Minimum Lease Payments	58,599
Less: Current Liabilities	<u>30,388</u>
Long-Term Liabilities	<u>\$ 28,211</u>

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE I
CAPITAL LEASES (Continued)

Interest rates on capital leases vary from 5% to 17% and are imputed on the lesser's implicit rate of return. Total interest incurred on these capital leases totaled \$1,069 and \$2,912 for the years ended September 30, 2000 and 1999, respectively.

NOTE J
OPERATING LEASES

The Hospital leases various equipment and a building, under operating leases expiring in various years through 2001. Lease expense charged to operations totaled \$215,000 and \$113,580 for the years ended September 30, 2000 and 1999, respectively.

Certain operating leases provide for renewal options for an indefinite period at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases.

NOTE K
BONDS PAYABLE

On September 23, 1999, the Hospital issued certificates of indebtedness in the amount of \$2,000,000 with a 5.025% rate of interest, payable semi-annually on March 1st and September 1st. These Series 1999 bonds call for principal payments on March 1st with the final payment due March 1, 2009. The bonds are secured by a pledge of All Valorem taxes set at 6.2 mills to be levied on taxable property from 1999 through 2008.

Scheduled principal repayments on these bonds are as follows:

2001	\$ 174,000
2002	189,000
2003	204,000
2004	221,000
2005	240,000
Thereafter	<u>1,176,000</u>
	<u>\$ 2,004,000</u>

NOTE L
NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
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JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE L

NET PATIENT SERVICE REVENUE (Continued)

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain outpatient services related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Home health is reimbursed based upon a cost reimbursement methodology, which is subject to limits on a cost per visit or beneficiary basis. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 1997.

Medicaid - Medicaid inpatient services are reimbursed based on a prospectively determined per-diem rate. Medicaid outpatient services are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate for cost based services with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the Medicaid fiscal intermediary through September 30, 1997.

Blue Cross - Inpatient services rendered to Blue Cross subscribers are reimbursed at prospectively determined rates per day of hospitalization. The prospectively determined per-diem rates are not subject to retrospective adjustment.

The Hospital has also entered into payment agreements with certain other commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to the Hospital under these agreements include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

NOTE M

PROFESSIONAL LIABILITY RISK

The Hospital participates in the Louisiana Patient's Compensation Fund (PCF) established by the State of Louisiana to provide medical professional liability coverage to health care providers. The PCF provides for \$400,000 in coverage per occurrence above the first \$100,000 per occurrence for which the Hospital is at risk. The PCF places no limitation on the number of occurrences covered. In connection with the establishment of the PCF's, the State of Louisiana enacted legislation limiting the amount of settlement for professional liability to \$500,000 per occurrence.

The constitutionality of this legislation has not been tested by the courts, although the Louisiana Supreme Court has decided that this limit does not apply in cases of malpractice liability. The Hospital's membership in the Louisiana Hospital Association Trust Fund provides additional coverage for professional medical malpractice liability. The trust fund bill members in advance based upon an estimate of their exposure. At policy year-end, premiums are recalculated utilizing actual losses of the Hospital.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE M

BUSINESS AND CREDIT CONCENTRATIONS

The Hospital grants credit to patients, substantially all of whom are local residents, under terms requiring timely repayment. The Hospital generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, and commercial insurance policies).

The mix of gross receivables from patients and third-party payors at September 30 was as follows:

	2002	2001
Medicare and Medicaid	51%	51%
Commercial Insurance	21%	20%
Patients	28%	19%

NOTE O

COMMITMENTS

The Hospital has employment/independent contractor contracts with three physicians that expire at various times through January 2002. As of September 30, 2001, the Hospital's commitment for the next fiscal year totals \$283,808. These physicians work in hospital clinics and the emergency room.

The Hospital has a contract with outside parties for management services that include providing for the Hospital's administrators, CFO, and Director of Patient Care Services. This agreement is through November 2002. The annual commitment totals \$258,800, plus benefits and in-excess 30% of the \$258,000.

The Hospital has a Facilities Management Agreement with a remaining term of two years. This obligation calls for payments of \$71,612, and \$78,991, for the years ended September 30, 2001, and 2002, respectively.

NOTE P

CONTINGENCIES

The Hospital evaluates contingencies based upon the best available evidence. The Hospital believes that no allowances for loss contingencies are considered necessary. To the extent that resolution of contingencies results in amounts, which vary, from the Hospital's estimates, future earnings will be charged or credited.

The principal contingencies are described below:

Third-Party Cost-Amount Charges - The Hospital is contingently liable for retrospective adjustments made by the Medicare and Medicaid programs as the result of their examinations as well as retrospective changes in interpretation applying statistics, regulations and general instructions of those programs. The amount of such adjustments cannot be determined.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE F
CONTINGENCIES (Continued)

Further, in order to continue receiving reimbursement from the Medicare program, the Hospital entered into an agreement with a government agent allowing the agent access to the Hospital's Medicare patient medical records for purposes of making medical necessity and appropriate level of care determinations. The agent has the ability to deny reimbursement for Medicare patient claims, which have already been paid to the Hospital. The amount of such adjustments cannot reasonably be determined.

Professional Liability Risk (Other AG) - The Hospital is contingently liable for losses from professional liability not underwritten by the Louisiana Patient's Compensation Fund or the Louisiana Hospital Association Trust Fund as well as for settlements by the Louisiana Hospital Association Trust Fund.

Workmen's Compensation Risk - The Hospital participated in the Louisiana Hospital Association Self-Insurance Workmen's Compensation Trust Fund in 1993 and 1994. Should the fund's assets not be adequate to cover claims made against it, the Hospital may be assigned its pro rata share of the resulting deficit. It is not possible to estimate the amount of additional assessments, if any. Accordingly, the Hospital is contingently liable for assessments by the Louisiana Hospital Association Trust Fund. The trust fund pretenses to be a "Captive Trust" and, accordingly, income and expenses are prorated to member hospitals. The Hospital has included these allocations of equity in the trust in its general-purpose financial statements. For the year ended September 30, 2000, the Hospital did not receive additional equity. For the year ended September 30, 1999, equity in the amount of \$18,275 was reported by the Hospital. The Hospital's total equity of \$46,181 is included within Prepaid Expenses on the September 30, 2000 and 1999 balance sheets.

Medical Benefits Fund - The Hospital maintains a medical benefits trust. The Hospital contributes \$69 per employee per month and the employee contributes the balance of any premium required to cover the health benefits cost of the employee. All full-time employees are eligible to participate. The trust pays all claims from funds provided from the Hospital. The trust agreement provides that should it not have sufficient funds to cover its obligations, the Hospital is obligated to fund the shortfall. The Hospital purchases "excess" insurance coverage that provides for payment of individual claims in excess of \$15,000 or aggregate annual claims in excess of \$167,000. The Hospital had a liability for incurred but not reported claims of \$41,746 and \$96,587 as September 30, 2000 and 1999, respectively. This liability is included within Accounts Payable on the balance sheets.

Litigation and Other Matters - Various claims in the ordinary course of business are pending against the Hospital. In the opinion of management and counsel, insurance is sufficient to cover adverse legal determinations in those cases where a liability can be measured.

Environmental Liability - The Hospital's management has determined, that as a potentially responsible party, it is likely that it has incurred a liability for environmental remediation costs resulting from an underground fuel tank. Although no claim against the Hospital has yet been asserted, it is believed that such a claim could be brought against the Hospital in the future.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1

d/b/a

JACKSON PARISH HOSPITAL
NOTES TO FINANCIAL STATEMENTS

NOTE Q

GOING CONCERN

The accompanying general-purpose financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Hospital as a going concern. However, the Hospital has sustained substantial operating losses in recent years. In addition, the Hospital has had to rely on debt instruments to assist in restructuring its debt. Management has reduced operating expenses during the year ended September 30, 2009. During the years ended September 30, 2009 and 1999, Management successfully negotiated discounts totaling \$451,608 and \$179,161, respectively, which is presented in the statements of revenues and expenses as an extraordinary item.

NOTE R

SUBSEQUENT EVENT

Subsequent to September 30, 2009, the Hospital borrowed \$200,000 from a bank to facilitate payment of its trade payables. Upon the receipt of its Uncompensated Care funds, the loan was repaid in full.

SUPPLEMENTARY FINANCIAL INFORMATION

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
et al.
JACKSON PARISH HOSPITAL
SCHEDULE OF NET PATIENT SERVICE REVENUES

	For The Years Ended	
	September 30,	1999
	2000	
DAILY PATIENT SERVICE REVENUES		
Adult and Pediatric	\$ 809,432	\$ 693,888
PCA/J Room Revenue	1,241,850	1,203,474
Total Daily Patient Services	2,051,282	2,897,362
OTHER PROFESSIONAL SERVICES		
Operating Room	84,688	143,658
Endoscopy Room	824	6,695
Anesthesia	79,442	44,352
Radiology	1,815,135	832,249
Laboratory	1,875,190	681,222
Blood	19,933	26,778
IV Therapy	35,847	602,555
Respiratory Care, HBG and EEG	574,270	721,646
Medical Supply	90,385	432,543
Pharmacy	1,240,689	1,646,777
PCA/J	278,561	81,671
Emergency Room	495,889	527,955
Anaesthesia	-	133,234
Home Health	315,158	354,325
Clinics	458,136	322,650
Total Other Professional Services	5,680,472	6,645,424
Gross Patient Service Revenue	7,731,754	9,542,786
Less: Contractual Adjustments	2,573,838	3,798,170
Net Patient Service Revenue	\$ 5,157,916	\$ 5,744,616

See independent auditor's report.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
2006
JACKSON PARISH HOSPITAL
SCHEDULE OF SALARIES AND BENEFITS

	For The Years Ended	
	September 30,	
	2005	2006
PCA's	\$ 713,812	\$ 858,538
Mailing Services and Administration	418,468	431,377
Clinics	179,838	188,133
Emergency Room	193,927	215,411
Home Health	194,797	201,348
Laboratory	227,283	178,217
Radiology	111,180	134,882
General and Administrative	234,754	186,799
Anesthesiology	30,857	100,344
Housekeeping	116,177	98,971
Dietary and Cafeteria	98,027	95,233
Operating Rooms	78,422	82,648
Ambulance	-	80,721
Pharmacy	78,215	75,643
Respiratory Therapy	63,588	71,586
Medical Records	70,867	65,001
Central Supply	32,816	31,083
Plant Operations and Maintenance	13,248	24,565
Total Salaries	3,043,416	3,408,844
FICA	231,890	348,278
Hospital Insurance	215,683	298,842
Workers' Compensation Insurance	16,784	37,818
Retirement	38,163	59,246
Unemployment Taxes	5,164	28,119
Vacation and Sickdays	(13,617)	(31,382)
Total Benefits	548,177	680,843
Total Salaries and Benefits	\$ 3,591,593	\$ 4,089,686

See independent auditor's report.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
SCHEDULE OF MEDICAL SUPPLIES

	For The Years Ended	
	September 30,	
	2008	1998
Pharmacy	\$ 335,193	\$ 345,187
Laboratory and X-ray	223,600	119,728
Nursing Services	61,888	69,158
Radiology	36,026	47,327
Respiratory Therapy	19,433	24,586
Emergency Room	32,081	19,481
Operating Rooms	17,086	17,216
Central Supply	16,345	14,831
Clinics	15,711	14,400
Ambulance	-	11,870
PCNU	5,883	8,938
Home Health	3,792	4,428
	<u>\$ 808,969</u>	<u>\$ 695,048</u>
Total Medical Supplies	<u>\$ 808,969</u>	<u>\$ 695,048</u>

See independent auditor's report.

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
SCHEDULE OF PROFESSIONAL FEES

	For The Years Ended	
	September 30,	
	2008	2007
Emergency Room	\$ 352,142	\$ 364,067
Radiology	48,601	102,217
Laboratory	78,818	58,500
PCAU	92,394	38,013
ICU and ERU	-	25,571
Surgery	1,864	-
Anesthesiology	40,215	13,872
Respiratory	11,317	3,865
Pharmacy	4,238	2,215
Total Professional Fees	<u>\$ 636,608</u>	<u>\$ 472,008</u>

See Independent auditor's report.



**INDEPENDENT AUDITOR'S COMBINED REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
COMPLIANT ACCOUNTING STANDARDS**

Board of Commissioners
Jackson Parish Hospital Service District No. 1
Bossieres, Louisiana

We have audited the general-purpose financial statements of **JACKSON PARISH HOSPITAL SERVICE DISTRICT No. 1 (Hospital)** for the year ended September 30, 2008, and have issued our report thereon dated January 20, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the general-purpose financial statements and not to provide assurance on internal control. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Hospital's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial statements. Reportable conditions are described in the accompanying schedule of findings.

A Professional Accounting Corporation

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Affiliated with CPAmerica International

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe some of the reportable conditions described in the schedule of findings is a material weakness.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties.

Anthony J. Babin, CPA

A Professional Accounting Corporation

January 26, 2011

JACKSON PARISH HOSPITAL SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
SCHEDULE OF AUDIT FINDINGS
For the Year Ended September 30, 2009

COMPLIANCE WITH LAWS AND REGULATIONS

Finding 2009-1

Condition: Due to a limited number of available employees, there is not a complete segregation of duties in all accounting, receiving and custody functions.

Recommendation: It was recommended that the Accounting Department hire additional employees, so that the Hospital could enhance its accounting controls. The Hospital should ensure that its accounting controls are designed to ensure that transactions are recorded in accordance with management's authorization, are accurately recorded to permit timely and accurate preparation of financial statements and to maintain accountability of assets. The Hospital should design procedures to ensure that access to assets is only permitted in accordance with management's general or specific authorization, and controls to compare the quoted asset balances periodically with actual asset balances and to investigate any differences.

Current Status: Management recognizes that it is not practicable or cost effective to achieve total segregation of duties with the total number of available employees. To minimize its risk, management supervises and reviews activities on a regular basis.

Finding 2009-2

Condition: An Accounting Policies and Procedures manual did not exist.

Recommendation: A complete and current accounting policies and procedures manual and chart of accounts needs to be established and maintained.

Current Status: The Hospital has established the chart of accounts and is updating it regularly. The Hospital is still in the process of completing its policies and procedures manual.

JACKSON PARISH HOSPITAL-SERVICE DISTRICT NO. 1
d/b/a
JACKSON PARISH HOSPITAL
STATE OF THREE YEAR AUDIT FINDINGS
For the Year Ended September 30, 2009

Maintenance of Payroll Time/Working Payroll System

Condition: In testing the internal controls over the payroll function, we noted instances where the personnel files were not consistently updated so that the file contained the current wage rate. We also noted that there were slight discrepancies between the time card and the actual pay per the pay register. Examples include paying an individual for 88 hours when their time card indicated 76.40 hours, with no time allocated to vacation and a time card for 71.87 hours with the pay register at 71.87 hours. The cause of the discrepancies is the lack of someone having the availability to check the register to the time cards prior to the release of the payroll.

Resolution: Has been partially resolved.

Status: During the 2009 audit we again noted instances where personnel files were not updated so that the file contained the current wage index. We recommend that personnel be assigned to accomplish an entire update.